

4. Economic Environment



Introduction

The economic and employment conditions of the community.

In the paper, *Fort Lauderdale, New Century – New City Assembly (May 4-6, 1995)*, it was stated that economic development is defined as broadening a community's tax base and providing greater employment opportunities for its residents. The term is also applied to the recruitment of new businesses as well as the retention of existing businesses.

In our view, the economic development function serves as the vital link between the vision and the planning necessary to ensure that the Central Area's future becomes concrete reality. Without deliberate, conscientious and consistent management of economic growth, many of the problems that plague the area could be exacerbated.

Competition for new business is intense and successful recruitment takes a long-term commitment of energy and resources. The factors that play a major part in a company's decision to either relocate to or remain in a community include:

- Geographic location in proximity to manufacturing and markets;
- Transportation access via air, sea, rail, and major highways;
- Availability of both skilled and unskilled labor;
- Low union profile;
- Availability and cost of energy;
- Productivity of local workforce;
- Stability of local and state government;
- Acceptance by local media;
- Local quality of life; and
- Condition of infrastructure.

The revitalization needs of the Central Area are acute. Through CAP research it was determined that approximately 2%, or 286 properties in this area are deteriorating or dilapidated. Other demographic data shows high concentrations of unemployment and poverty, yet this area has tremendous potential for commercial and affordable residential development (Memorandum No. 95-1814, Nov. 30, 1995).

In 1994, the City engaged the residents of the Northwest neighborhoods in a visioning process as part of an effort to obtain Federal Empowerment Zone designation. The vision statement which was developed by the residents through that effort was, *"to use community partnerships to develop integrated programs which create jobs and increase the opportunities for obtaining those jobs while residing in standard, affordable housing in a safe, attractive and secure environment."*

The Economic Environment identifies some of the major factors that describe the current level of economic activity within the Central Area.

- Types of businesses and their concentration;
- Employment Characteristics;
- Economic Development Districts; and
- Real Estate Analysis.

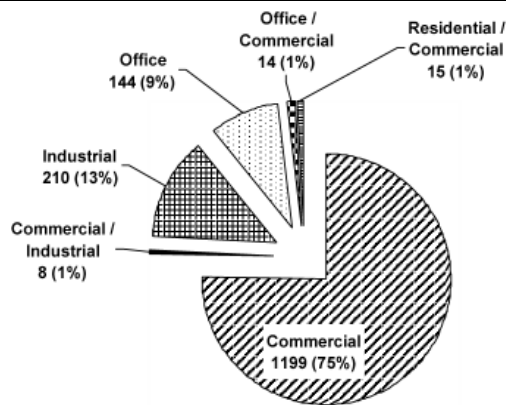
Analysis of these factors, combined with the Goals established at Community Forum II, should lend to the strategic implementation of those Goals selected by the Community-at-Large.

Businesses

This section identifies the types of businesses and the concentration of these businesses. The information was secured through field data; publications such as the *Florida Trend* and *The Broward Alliance*; and organizations such as the Chamber of Commerce, Broward Economic Development Council, Planning & Economic Development Department and Federal/State resources.

Staff has compiled an existing land use analysis of the types of uses currently operating along with their concentrations within the Central Area. The field research indicates that there are a multitude of different business uses in the area (**Figure 4.1**).

Figure 4.1 – Properties by Type of Business Use, Central Area



Source: City of Fort Lauderdale, OCCP

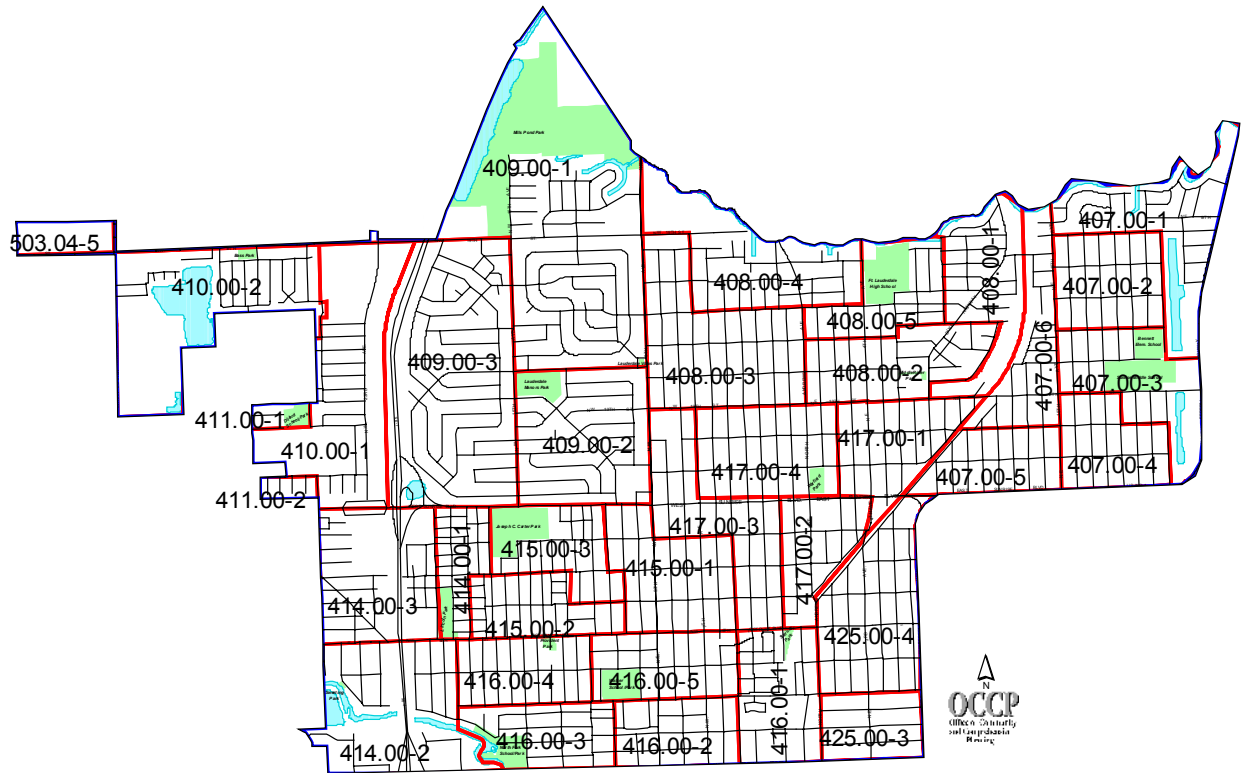
Employment Characteristics

An analysis of the labor force is one of the most important resources available to existing and potential investors in a community. While there are a variety of economic indicators to select from, staff has elected to concentrate on a few key indicators. These include:

- Unemployment Rate;
- Median Household Income;
- Educational Attainment;
- Employment Rate;
- Employment Breakdown by Industry; and
- Business Location.

This section discusses aspects of the labor force currently within the area. This information was secured through the 1990 Census and through the Claritas Corporation, which is one of the nation's most comprehensive sources of updated marketing information about American consumers and businesses. **Figure 4.2** illustrates the Census Tracts used to generate this section's analysis.

Fig 4.2 - Central Area Census Tracts



Source: City of Ft. Lauderdale, OCCP

Unemployment Rate

The unemployment rate indicates an economy's ability to use human resources efficiently. In 1998, the City of Fort Lauderdale had an unemployment rate of 6.9%, with the County at 5.2%. The Central Area reflected a significantly higher unemployment rate at 10.7% (**Table 4.1**). Furthermore, when analyzing the Central Area by Census Tract, all the Census Tracts reported higher levels of unemployment than the State and the Nation, which are respectively at, 3.7% and 3.9% as of November 2000 (Bureau of Labor Statistics).

TABLE 4.1- Comparison of Unemployment Rates

REGION	1990	1998 Estimated
Central Area	11.5%	10.7%
City of Fort Lauderdale	6.7%	6.9%
Broward County	5.1%	5.2%

Sources – U.S. Bureau of Labor Statistics and Claritas Corporation

Median Household Income

An analysis of the median income level of households reveals how the income differences within an area are compared to another and if an area has been growing over time. This in turn depicts the impact on the ability of a group to purchase goods and services, i.e. the money circulating in the economy.

Census Tract analysis indicates that 62% of the households in the Central Area in 1990 had a median income of less than \$25,000, as compared to the City of Fort Lauderdale that had an average of 46%.

Educational Attainment

Assessment of Educational Attainment provides insight into the skill base of the local work force for existing businesses to draw from and for potential new businesses to be attracted in relocating to a specific area. Analysis shows that 46% of the residents have had schooling up to the 12th grade but did not receive a high school diploma. The City of Fort Lauderdale is comparable with 27%.

Employment Rate

The employment rate provides an indication of an economy's ability to generate and create jobs. The City currently enjoys a 93% employment rate as compared to the Central Area at 89%.

Employment Breakdown by Industry

In 1998 within the Central Area, there were 20,191 residents age 16 and above employed in private, public, and at-home sectors. Of this number, 16,906 residents worked within the Central Area while the remaining 3,285 residents worked outside of the Central Area.

Of the 16,906 employed within the Central Area, the following are the top three industries that they were employed within the Central Area. The retail trade industry employed 4,403, or 26% of the Central Area's employed residents. The repair service and personal services industry employed 2,547, or 15% of the Central Area's employed, and the professional and educational services industries employed 2,546 people of 15% of the Central Area's employed residents.

Business Location

Location of a business is one of the most integral decisions that a business owner makes. Where a business owner decides to locate indicates the overall health of the economy and the desirability of a location to do business.

According to Claritas data, approximately 1,881 businesses are located in the Central Area. The top three types of businesses are:

- Retail Trade - 447 businesses or 24%;
- Business and Repair Services and Personal Services - 427 businesses, or 23%; and
- Professional and Related Educational Services - 332 businesses, or 18%.

Economic Development Districts

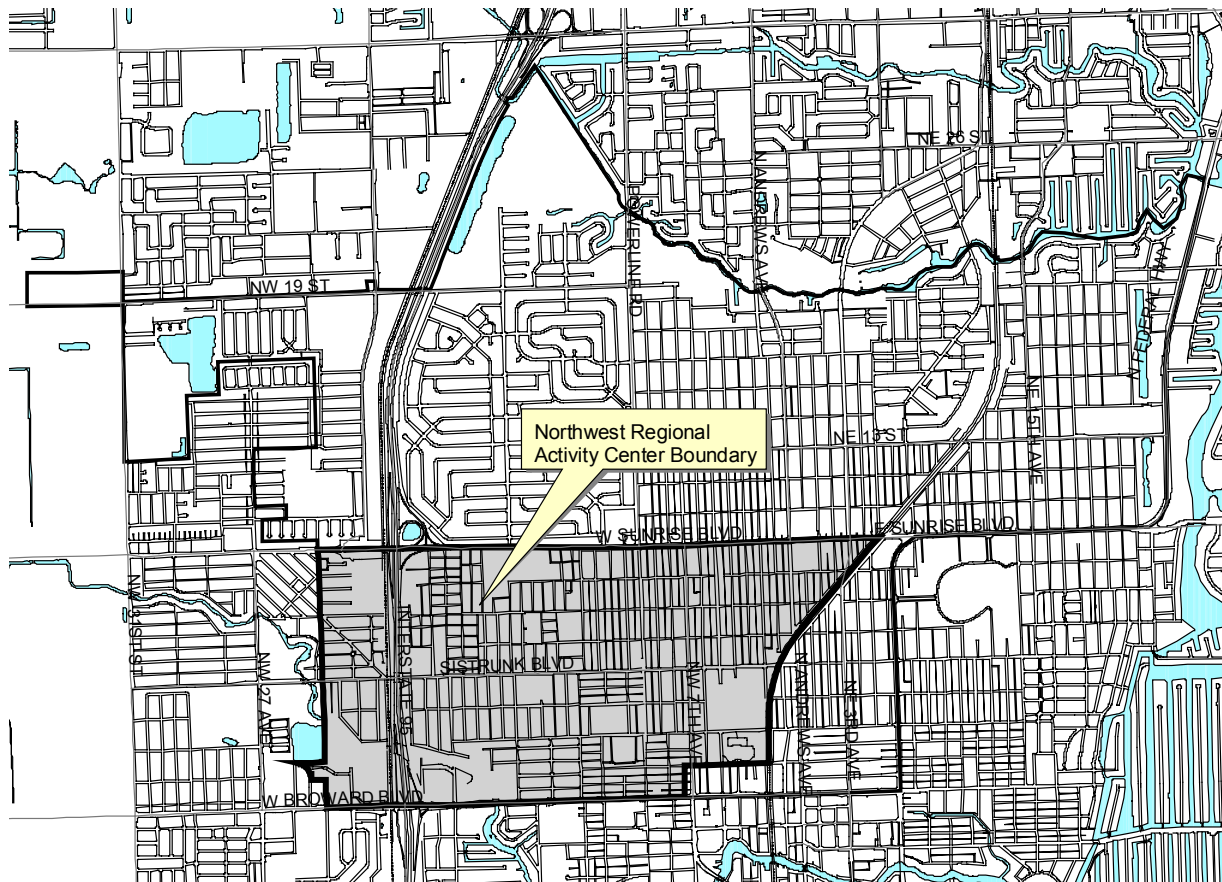
The Central Area is home to five different economic development districts (**Figures 4.3a - 4.3e**):

- Community Redevelopment Agency (CRA)
- Northwest-Regional Activity Center (NW-RAC)
- Downtown-Regional Activity Center (Downtown RAC)
- Enterprise Zone
- Downtown Development Authority (DDA)

The Northwest Regional Activity Center (NW-RAC)

The Northwest-Progresso-Flagler Heights RAC has over 1,400 acres of blighted area. The mission of the Northwest-Progresso-Flagler Heights RAC is to establish specific redevelopment goals and identify projects within the district to stimulate redevelopment and attract private investment.

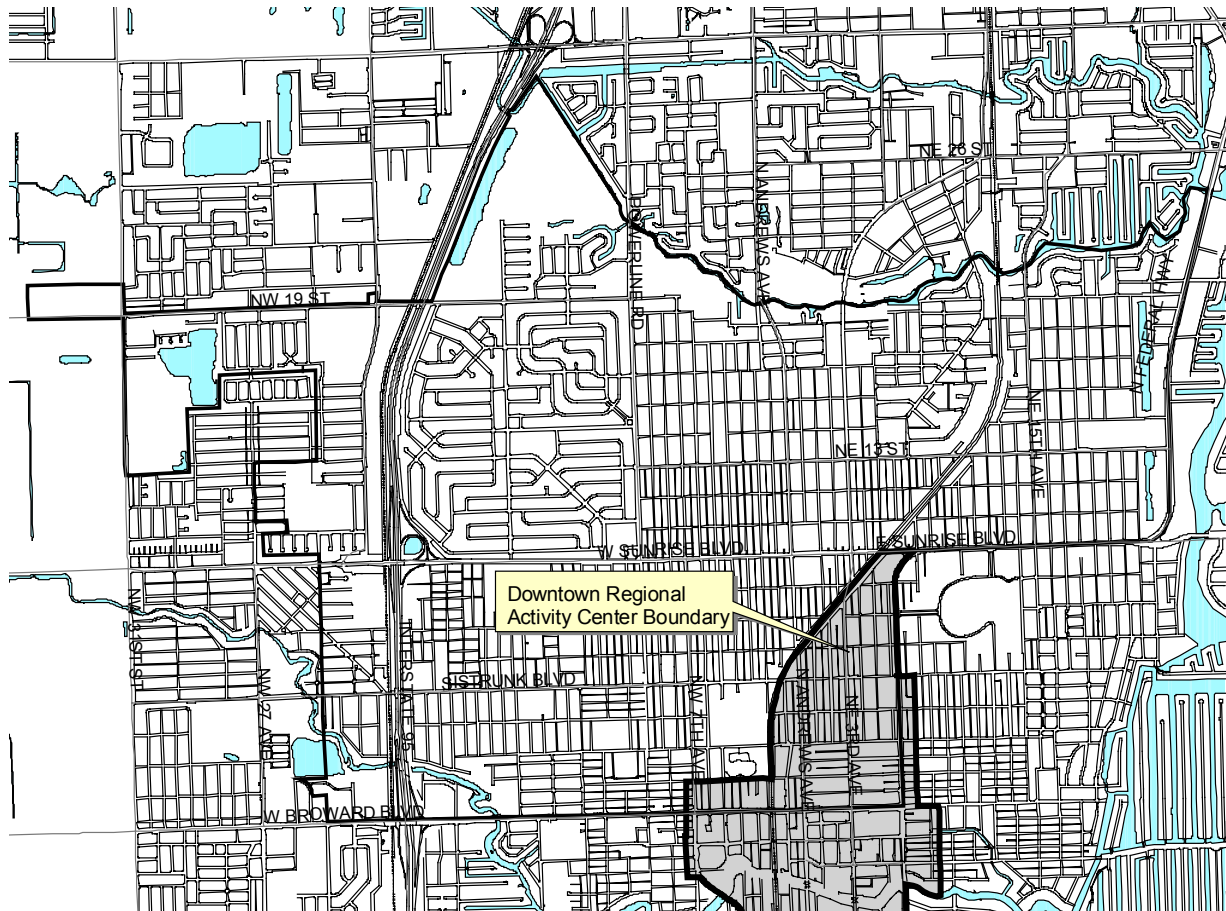
FIGURE 4.3b - NW-RAC



Source: City of Fort Lauderdale, OCCP

The Downtown RAC is 716 acres in size. The land use designation applies to the geographic area containing a mixture of large scale business, cultural, educational, governmental and residential uses which are in close proximity to mass transit resources (airport, port, rail and bus terminal). The purpose is to foster an active downtown within which one can work, live, entertain and shop without commuting to other districts in the City (***ULDR***, Section 47-13.2, page 147).

FIGURE 4.3c - Downtown RAC



Source: City of Fort Lauderdale, OCCP

The Enterprise Zone

The City of Fort Lauderdale and Broward County have joined forces under the Florida Enterprise Zone Program that offers tax incentives to businesses in an effort to stimulate redevelopment in economically distressed areas.

Businesses located in the Enterprise Zone may be eligible to receive tax credits on the state sales tax, corporate income tax, property tax, and other incentives from the state.

CREDIT AGAINST SALES TAX FOR JOB CREATION

Section 212.096, Florida Statutes

Allows businesses located in a Florida Enterprise Zone who collect or pay Florida sales and use tax a monthly credit against their tax due, on wages paid to new employees who have been employed by the business for at least three months and are residents of a Florida Enterprise Zone.

ENTERPRISE ZONE JOBS TAX CREDIT

Section 220.181, Florida Statutes

Allows businesses located in a Florida Enterprise Zone a 10% corporate income tax credit for wages paid to new employees who have been employed by the business for at least three months and are residents of a Florida Enterprise Zone. If 20% or more of the permanent, full-time employees of the business are residents of a Florida Enterprise Zone, the credit is 15%.

COMMUNITY CONTRIBUTION TAX INCENTIVE PROGRAM

Section 220.183, Florida Statutes

Allows businesses anywhere in Florida a 50% credit on Florida corporate income tax or insurance premium tax for donation to local community development projects. Donations must be made through an eligible nonprofit corporation conducting an approved community development project. The annual amount of credits granted is limited to \$200,000 per firm and \$2,000,000 for the state.

SALES TAX REFUND FOR BUSINESS MACHINERY AND EQUIPMENT USED IN AN ENTERPRISE ZONE

Section 212.08, Florida Statutes

A refund is available for sales taxes paid on the purchase of certain business property (e.g. tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), which is used exclusively in an enterprise zone.

ENTERPRISE ZONE PROPERTY TAX CREDIT

Section 220.183, Florida Statutes

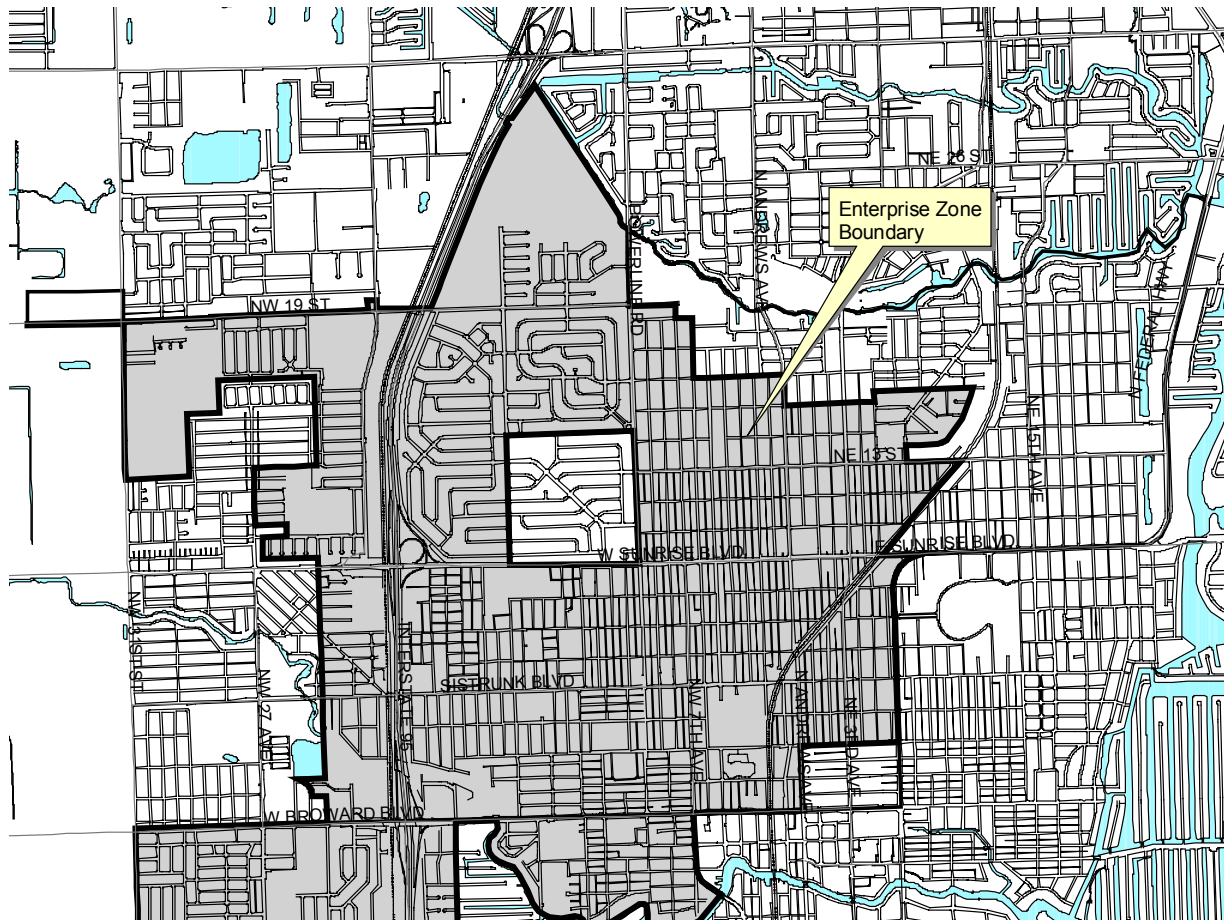
New or expanded businesses in an Enterprise Zone are allowed a credit on Florida corporate income tax equal to 96% of ad valorem taxes paid on the property. The assessment rate varies by county.

SALES TAX REFUND FOR BUILDING MATERIALS USED IN AN ENTERPRISE ZONE

Section 212.08, Florida Statutes

A refund is available for sales tax paid on the purchase of building materials used to rehabilitate real property located in an Enterprise Zone.

FIGURE 4.3d - Enterprise Zone



Source: City of Fort Lauderdale, OCCP

The Downtown Development Authority

The Downtown Development Authority (DDA) was established as an independent taxing district by Special Act of the Florida State Legislature in 1965. The Act was amended in 1967 and again in 1969 and 1992, expanding the DDA's powers and boundaries. The DDA was formed to provide for the rehabilitation, redevelopment, and revitalization of slum and blighted areas in the Downtown.

The DDA has played a variety of constructive roles since its creation. It has been, and continues to be, a redevelopment agency, a marketing organization, and a coordinator and facilitator among various private and governmental entities involved in and with the Downtown.

New Downtown projects include the completed Las Olas Riverfront, a \$50 million, retail/entertainment complex and the continued growth in the Arts and Science District and Himmarshee Village; 300 City Center, the 14-story office/ retail project which will be the new headquarters for Stiles Co.; the FAU/BCC Tower Project, an educational/office complex; Las Olas City Centre, a planned 43 story office/retail tower on the corner of Las Olas and Fifth Avenue; and improvements to DDA Plaza. Trammel Crow is constructing an office tower just north of Broward and another dense downtown housing project is on the horizon along the New River, across from the Performing Arts Center, called Symphony House.

Funds raised by the successful 1999 DDA Bond Issue will compliment development by the private sector. Included in the list of DDA priorities are streetscape improvements intended on making the downtown more walkable, land assemblage, and the redevelopment of Flagler Heights, the neighborhood just north of the Downtown.

